
HOUSE BILL No. 1544

DIGEST OF INTRODUCED BILL

Citations Affected: IC 4-30-16-3; IC 20-18-2-23; IC 20-26-12; IC 20-40; IC 20-41; IC 20-43.

Synopsis: School textbook funding. Expands the definition of "textbook" to include certain materials used in student instruction. Transfers and distributes \$70,000,000 annually from the administrative trust fund of the state lottery to the state textbook grant fund. Requires school corporations to establish a textbook fund and to use money from the fund to purchase textbooks. Appropriates an annual state textbook grant to each school corporation equal to: (1) \$83; multiplied by (2) the average daily membership of the school corporation. Requires the deposit of grant funds in a school corporation's textbook fund. Limits a student textbook rental fee to: (1) 25% of the total purchase price of the textbooks minus; (2) \$83. Makes conforming changes.

Effective: July 1, 2007.

Goodin

January 23, 2007, read first time and referred to Committee on Education.

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Introduced

First Regular Session 115th General Assembly (2007)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2006 Regular Session of the General Assembly.

HOUSE BILL No. 1544

A BILL FOR AN ACT to amend the Indiana Code concerning education finance and to make an appropriation.

Be it enacted by the General Assembly of the State of Indiana:

1 SECTION 1. IC 4-30-16-3, AS AMENDED BY P.L.2-2006,
2 SECTION 7, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
3 JULY 1, 2007]: Sec. 3. (a) The commission shall transfer the surplus
4 revenue in the administrative trust fund as follows:

5 (1) Before the last business day of January, April, July, and
6 October, the commission shall transfer to the treasurer of state, for
7 deposit in the Indiana state teachers' retirement fund
8 (IC 5-10.4-2), seven million five hundred thousand dollars
9 (\$7,500,000). Notwithstanding any other law, including any
10 appropriations law resulting from a budget bill (as defined in
11 IC 4-12-1-2), the money transferred under this subdivision shall
12 be set aside in the pension stabilization fund (IC 5-10.4-2-5) to be
13 used as a credit against the unfunded accrued liability of the
14 pre-1996 account (as defined in IC 5-10.4-1-12) of the Indiana
15 state teachers' retirement fund. The money transferred is in
16 addition to the appropriation needed to pay benefits for the state
17 fiscal year.



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(2) Before the last business day of January, April, July, and October, the commission shall transfer:

(A) two million five hundred thousand dollars (\$2,500,000) of the surplus revenue to the treasurer of state for deposit in the "k" portion of the pension relief fund (IC 5-10.3-11); and

(B) five million dollars (\$5,000,000) of the surplus revenue to the treasurer of state for deposit in the "m" portion of the pension relief fund (IC 5-10.3-11).

(3) Before the last business day of January, April, July, and October, the commission shall transfer seventeen million five hundred thousand dollars (\$17,500,000) of the surplus revenue to the treasurer of state for deposit in the state textbook grant fund (IC 20-43-11).

~~(3)~~ **(4)** The surplus revenue remaining in the fund on the last day of January, April, July, and October after the transfers under subdivisions (1) ~~and (2)~~ **through (3)** shall be transferred by the commission to the treasurer of state for deposit on that day in the build Indiana fund.

(b) The commission may make transfers to the treasurer of state more frequently than required by subsection (a). However, the number of transfers does not affect the amount that is required to be transferred for the purposes listed in ~~subsection~~ **subsections (a)(1) and (a)(2) through (a)(3)**. Any amount transferred during the month in excess of the amount required to be transferred for the purposes listed in ~~subsection~~ **subsections (a)(1) and (a)(2) through (a)(3)** shall be transferred to the build Indiana fund.

SECTION 2. IC 20-18-2-23, AS ADDED BY P.L.1-2005, SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 23. "Textbook" ~~means~~ **includes the following:**

(1) Systematically organized material designed to provide a specific level of instruction in a subject matter category.

(2) Instructional materials that are used by students for more than one (1) school year, including materials used in special education and gifted and talented classes.

(3) Workbooks and consumable instructional materials that are used by students for not more than one (1) school year, including workbooks, consumable textbooks, and other consumable instructional materials that are used in special education and gifted and talented classes.

(4) Developmentally appropriate materials used:

(A) for instruction in kindergarten through grade 3, laboratories, and children's literature programs; and

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(B) instead of items described in subdivisions (2) through (3).

SECTION 3. IC 20-26-12-1, AS ADDED BY P.L.1-2005, SECTION 10, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 1. (a) Except as provided in subsections (b) and (c) and notwithstanding any other law, each governing body ~~shall~~ **may** purchase from a contracting publisher, at a price equal to or less than the net contract price, the textbooks adopted by the state board and selected by the proper local officials, and shall rent these textbooks to each student enrolled in a public school that is:

(1) in compliance with the minimum certification standards of the board; and

(2) located within the attendance unit served by the governing body.

(b) This section does not prohibit the purchase of textbooks at the option of a student or the providing of free textbooks by the governing body under sections 6 through 21 of this chapter.

(c) This section does not prohibit a governing body from suspending the operation of this section under a contract entered into under IC 20-26-15.

SECTION 4. IC 20-26-12-2, AS ADDED BY P.L.1-2005, SECTION 10, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 2. (a) A governing body may purchase from a contracting publisher, at a price equal to or less than the net contract price, any textbook adopted by the state board and selected by the proper local officials. The governing body may rent these textbooks to students enrolled in any public or nonpublic school that is:

(1) in compliance with the minimum certification standards of the state board; and

(2) located within the attendance unit served by the governing body.

The ~~total~~ annual rental ~~rate~~ **amount charged to a student** may not exceed ~~twenty-five percent (25%) of the retail price of the textbooks.~~ **the amount determined under STEP FOUR of the following formula:**

STEP ONE: Determine the sum of the purchase prices of the textbooks rented to the student.

STEP TWO: Multiply the STEP ONE result by twenty-five hundredths (0.25).

STEP THREE: Subtract eighty-three dollars (\$83) from the STEP TWO result.

STEP FOUR: Determine the greater of the following:

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1 (A) The STEP THREE result.

2 (B) Zero (0).

3 (b) Notwithstanding subsection (a), the governing body may not
4 assess a rental fee of more than fifteen percent (15%) of the retail price
5 of a textbook that has been:

6 (1) adopted for usage by students under IC 20-20-5;

7 (2) extended for usage by students under IC 20-20-5-2; and

8 (3) paid for through rental fees previously collected.

9 (c) This section does not limit other laws.

10 SECTION 5. IC 20-26-12-14, AS ADDED BY P.L.1-2005,
11 SECTION 10, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
12 JULY 1, 2007]: Sec. 14. (a) This subsection applies to a school
13 corporation described in section 13(1) of this chapter. The governing
14 body shall make the first appropriation from the school corporation's
15 general fund **to the school corporation's textbook fund** in August
16 following the petition's filing. Not later than the school term following
17 the first appropriation, the library must be established and textbooks
18 must be loaned to resident students enrolled in the first five (5) grades
19 of the elementary school. Not later than the second school term
20 following the first appropriation, textbooks must be procured and
21 loaned to resident students enrolled in the eight (8) grades of the
22 elementary school.

23 (b) This subsection applies to a school corporation described in
24 section 13(2) of this chapter. The governing body shall make the first
25 appropriation from the school corporation's general fund **to the school**
26 **corporation's textbook fund** in September following the petition's
27 filing. Not later than the second school term following the first
28 appropriation, the library must be established and textbooks of the
29 library must be loaned to resident students enrolled in grade nine of the
30 high school. During each following school term, textbooks must be
31 procured and loaned to resident students for an additional high school
32 grade, in addition to the earlier high school grades.

33 SECTION 6. IC 20-26-12-15, AS ADDED BY P.L.231-2005,
34 SECTION 34, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
35 JULY 1, 2007]: Sec. 15. (a) A governing body shall requisition the
36 necessary textbooks from the contracting publishers approved by the
37 state board. The contracting publisher shall ship the textbooks to the
38 governing body not more than ninety (90) days after the requisition. On
39 receipt of the textbooks, the governing body's school corporation has
40 custody of the textbooks. The governing body shall provide a receipt
41 to the contracting publisher and reimburse the contracting publisher the
42 amount owed by the school corporation from the school corporation's

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~~general textbook~~ fund.

(b) A governing body shall purchase textbooks:

(1) from a resident student who presents the textbooks for sale on or before the beginning of the school term in which the books are to be used;

(2) with money from the school corporation's ~~general textbook~~ fund; and

(3) at a price based on the original price to the school corporation minus a reasonable reduction for damage from usage.

SECTION 7. IC 20-26-12-18, AS ADDED BY P.L.1-2005, SECTION 10, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 18. A governing body may provide a sufficient number of textbooks for sale to resident students at the price stipulated in the contracts under which the textbooks are supplied to the governing body's school corporation. Proceeds from sales under this section must be paid into the school corporation's ~~general textbook~~ fund.

SECTION 8. IC 20-26-12-22, AS ADDED BY P.L.1-2005, SECTION 10, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 22. If a school corporation purchases textbooks on a time basis:

(1) the schedule for payments shall coincide with ~~student payments distributions under IC 20-43-11~~ to the school corporation for textbook rental; and

(2) the schedule must not require the school corporation to assume a greater burden than payment of twenty-five percent (25%) within thirty (30) days after the beginning of the school year immediately following delivery by the contracting publisher with the school corporation's promissory note evidencing the unpaid balance.

SECTION 9. IC 20-26-12-23, AS ADDED BY P.L.1-2005, SECTION 10, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 23. (a) A school corporation may:

(1) borrow money to buy textbooks; and

(2) issue notes, maturing serially in not more than six (6) years and payable from its ~~general textbook~~ fund, to secure the loan.

However, when an adoption is made by the state board for less than six (6) years, the period for which the notes may be issued is limited to the period for which that adoption is effective.

(b) Notwithstanding subsection (a), a school township may not borrow money to purchase textbooks unless a petition requesting such an action and bearing the signatures of twenty-five percent (25%) of

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the resident taxpayers of the school township has been presented to and approved by the township trustee and township board.

SECTION 10. IC 20-40-9-7, AS ADDED BY P.L.2-2006, SECTION 163, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 7. (a) Money in the fund may be used for payment of all unreimbursed costs of textbooks for the school corporation's students who were eligible for free or reduced lunches in the previous school year.

(b) The governing body may transfer the amount levied to cover unreimbursed costs of textbooks under this section to the textbook rental fund. or extracurricular account:

SECTION 11. IC 20-40-16 IS ADDED TO THE INDIANA CODE AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]:

Chapter 16. Textbook Fund

Sec. 1. As used in this chapter, "fund" refers to the textbook fund established under section 2 of this chapter.

Sec. 2. Each school corporation shall establish a textbook fund.

Sec. 3. Money in the fund may be used only for the following purposes:

(1) Paying interest and principal on loans obtained by the school corporation to purchase textbooks.

(2) Implementing IC 20-26-12, including the purchase, storage, distribution, or repair of textbooks.

Sec. 4. A school corporation shall deposit in the fund the following:

(1) Distributions under IC 20-43-11.

(2) Textbook rental fees received under IC 20-26-12.

(3) Receipts from sales of textbooks under IC 20-26-12.

(4) Other revenues designated for the fund.

Sec. 5. Money in the fund at the end of a school year or fiscal year does not revert to the school general fund.

SECTION 12. IC 20-41-1-2, AS ADDED BY P.L.2-2006, SECTION 164, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 2. Any self-supporting programs maintained by a school corporation, including

~~(1) school lunch, and~~

~~(2) rental or sale of textbooks;~~

may be established as separate funds, separate and apart from the general fund, if no local tax rate is established for the programs.

SECTION 13. IC 20-41-2-2, AS ADDED BY P.L.2-2006, SECTION 164, IS AMENDED TO READ AS FOLLOWS

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[EFFECTIVE JULY 1, 2007]: Sec. 2. Each township trustee in operating a textbook rental program may use either of the following accounting methods:

(1) The township trustee may supervise and control the program through its school corporation account by establishing a textbook rental fund.

(2) If textbooks have not been purchased and financial commitments or guarantees for the purchases have not been made by the school corporation, the township trustee may have the program operated by the individual schools of the school corporation through the school corporation's ~~extracurricular account or accounts under IC 20-41-1~~ **textbook fund**.

SECTION 14. IC 20-41-2-3, AS ADDED BY P.L.2-2006, SECTION 164, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 3. (a) If a school lunch fund is established under section 1 of this chapter, ~~or a textbook rental fund is established under section 2 of this chapter~~, the receipts and expenditures for ~~each~~ **the school lunch** program shall be made to and from the ~~proper~~ **school lunch** fund without appropriation or the application of other laws relating to the budgets of local governmental units.

(b) If ~~either a school lunch program or both programs under sections 1 and 2 of this chapter are~~ **is** operated through the extracurricular account, the township trustee shall approve the amount of the bond of the treasurer of the extracurricular account in an amount the township trustee considers necessary to protect the account for all funds coming into the hands of the treasurer.

SECTION 15. IC 20-41-2-5, AS ADDED BY P.L.2-2006, SECTION 164, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 5. (a) ~~A governing body in operating a textbook rental program under IC 20-26-5-4(12) may use either of the following accounting methods:~~

(1) ~~The governing body may supervise and control the program through the school corporation account; establishing a textbook rental fund:~~

(2) If textbooks have not been purchased and financial commitments or guarantees for the purchases have not been made by the school corporation, the governing body may cause the program to be operated by the individual schools of the school corporation through the school corporation's extracurricular account or accounts in accordance with IC 20-41-1.

~~(b)~~ If the governing body determines that a hardship exists due to

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the inability of a student's family to purchase or rent textbooks, taking into consideration the income of the family and the demands on the family, the governing body may furnish textbooks to the student without charge, without reference to the application of any other statute or rule except IC 20-26-1 through IC 20-26-5, IC 20-26-7, IC 20-40-12, and IC 20-48-1.

SECTION 16. IC 20-41-2-6, AS ADDED BY P.L.2-2006, SECTION 164, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 6. (a) If a school lunch fund is established under section 4 of this chapter, ~~and a textbook rental fund is established under section 5 of this chapter,~~ the receipts and expenditures from ~~a the~~ fund for the lunch program ~~to which the fund relates~~ shall be made to and from the fund without appropriation or the application of other statutes and rules relating to the budgets of municipal corporations.

(b) If ~~either~~ the lunch program ~~or textbook rental program~~ is handled through the extracurricular account, the governing body of the school corporation shall approve the amount of the bond of the treasurer of the extracurricular account in an amount the governing body considers sufficient to protect the account for all funds coming into the hands of the treasurer of the account.

SECTION 17. IC 20-43-2-3, AS AMENDED BY P.L.162-2006, SECTION 43, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 3. (a) Except as provided in subsection (b), if the total amount to be distributed:

- (1) as basic tuition support;
- (2) for academic honors diploma awards;
- (3) for primetime distributions;
- (4) for special education grants; ~~and~~
- (5) for vocational education grants; **and**
- (6) for textbook grants;**

for a particular year exceeds the maximum state distribution for a calendar year, the amount to be distributed for state tuition support under this article to each school corporation during each of the last six (6) months of the year shall be proportionately reduced so that the total reductions equal the amount of the excess.

(b) The department of education shall distribute the full amount of tuition support to school corporations in the second six (6) months of 2006 in accordance with this article without a reduction under this section.

SECTION 18. IC 20-43-11 IS ADDED TO THE INDIANA CODE AS A **NEW** CHAPTER TO READ AS FOLLOWS [EFFECTIVE

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JULY 1, 2007]:

Chapter 11. Textbook Grants

Sec. 1. As used in this chapter, "fund" refers to the state textbook grant fund established by section 3 of this chapter.

Sec. 2. As used in this chapter, "textbook fund" refers to a textbook fund established under IC 20-40-16-2.

Sec. 3. (a) The state textbook grant fund is established to provide money for the annual textbook grants provided under this chapter. The fund shall be administered by the department. The fund consists of the following:

(1) Transfers made from the administrative trust fund under IC 4-30-16-3(a)(3).

(2) Any appropriations to the fund.

(b) The treasurer of state shall invest the money in the fund not currently needed to meet the obligations of the fund in the same manner as other public money may be invested.

(c) Money in the fund at the end of a state fiscal year does not revert to the state general fund. Money in the fund is appropriated to carry out the purposes of the fund.

Sec. 4. A school corporation's textbook grant for a calendar year is the amount equal to:

(1) the school corporation's ADM for the calendar year; multiplied by

(2) eighty-three dollars (\$83).

Sec. 5. The textbook grant under this chapter shall be distributed monthly in twelve (12) equal installments.

Sec. 6. A school corporation shall deposit the money received from the textbook grant under this chapter in the school corporation's textbook fund for use only for the purposes specified in IC 20-40-16-3.

Sec. 7. The amount necessary to provide textbook grants under this chapter is annually appropriated from the fund established by section 3 of this chapter and, as needed, from the state general fund.

SECTION 19. [EFFECTIVE JULY 1, 2007] (a) On July 1, 2007, a school corporation shall transfer any unencumbered money in any fund or account used for textbook rental fees to the textbook fund established by the school corporation under IC 20-40-16-2, as added by this act. The money transferred under this SECTION may be used for any purpose for which other money in the school corporation's textbook fund may be used.

(b) Notwithstanding IC 20-43-11-4, as added by this act, a school

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1 corporation is entitled in 2007 to only fifty percent (50%) of the
 2 amount of the textbook grant specified in IC 20-43-11-4, as added
 3 by this act, to be distributed in six (6) monthly installments.
 4 (c) This SECTION expires January 1, 2008.

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